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## ABSTRACT

This guide tells about federal student aid programs for postsecondary education and how to apply for them. It begins by outlining sources for finding out about student aid, such as state higher education agencies, guidance counselors, and organizations connected with particular fields of interest. The guide offers tips on choosing a school carefully. It briefly outlines student eligibility in terms of financial need and dependency status, and reviews the application process and important deadlines. Various grants, work-study programs, and loans are then described, including Federal Pell Grants, Federal Supplemental Educational Opportunity Grants, Federal Work-Study, Federal Perkins Loans, Federal Stafford Loans, Federal PLUS loans, and Federal Direct Student Loans. Borrower responsibilities and rights are highlighted. The guide concludes with a deferment summary and a glossary of important terms. (JDD)

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## FEDERAL PERKINS LOANS

Interest rate: 5 percent

For undergraduates and graduates—undergraduates can receive aid for more than one undergraduate degree

For students with exceptional financial need—those with the lowest **EFCs**\*

Maximum award depends—in part—on year in school and funds available at each school

School makes the loan, and sets its own deadlines for applying

Students must sign a **promissory note**,\* agreeing to repay

Under certain conditions, repayment may be deferred (postponed) or cancelled

## FEDERAL STAFFORD LOANS

Interest rate: variable, but not higher than 9 percent; rate was 6.22 percent from July 1, 1993-June 30, 1994

For undergraduates and graduates enrolled at least **half-time**\*

Students can get a loan regardless of income, but federal government pays interest only on need-based loans

Maximum award depends on length of enrollment and year in school

Lender (bank, credit union) makes the loan; no deadline for applying, but students should apply as soon as possible

Students must sign a **promissory note**,\* agreeing to repay

Under certain conditions, repayment may be deferred (postponed) or cancelled

## FEDERAL PLUS LOANS

Interest rate: variable, but not higher than 10 percent; from July 1, 1993-June 30, 1994, rate was 6.64 percent for those who borrowed on or after October 1, 1992

Parents borrow for dependent children

Loans not based on income, but parents must undergo credit check

Maximum award is **cost of education**\* minus other aid received

Lender (bank, credit union) makes the loan; parents should apply as soon as possible

Borrowers must sign a **promissory note**,\* agreeing to repay

Under certain conditions, loan principal **only** may be deferred (postponed) or cancelled

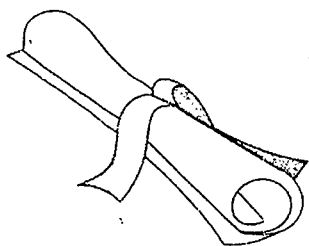
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*The Student Guide* is published FREE by the U.S. Department of Education. If you paid for a copy of this publication, please write to the following address and let us know the name and address of the organization that charged you.

Federal Student Aid Information Center  
P.O. Box 84  
Washington, D.C. 20044



# Finding Out About Student Aid

This *Guide* tells you about federal student aid programs and how to apply for them. But education or training after high school costs more than ever, and you need to learn about as many sources of aid as you can. The best way to start is by checking the *free* information sources below.

If you're thinking about paying a scholarship search organization for student aid sources, you should know that over 80 percent of all aid awarded comes from federal and state programs. Another 19 percent comes from institutional and other sources of aid. You can find out about all of these sources yourself. (See below.) If a scholarship search organization guarantees its services, find out what you have to do to get a refund if the guarantee isn't met.

Sources you can use to find out about student aid:



Contact the **financial aid administrator** at each school you're interested in. He or she can tell you what aid programs are available there, and how much the total **cost of education\*** will be. If you're in high school, also talk to your **guidance counselor**. He or she can tell you about financial aid in general and where to look for help.



Ask the **state higher education agency** in your home state for information about state aid—including aid from a program jointly funded by individual states and the U.S. Department of Education. Each state has its own name for this program, as well as its own eligibility criteria, award amounts, and application procedures. (At the federal level, this program is called the **State Student Incentive Grant Program**.)



\* The *Guide* mentions several terms or concepts that you will need to be familiar with. Wherever these terms occur in the text, they will have an asterisk (\*) next to them. This means the term will be defined in the "Important Terms" section, pages 48 to 54.



The agency in your state responsible for public elementary and secondary schools can give you information on the **Robert C. Byrd Honors Scholarship Program** and the **National Science Scholars Program (NSSP)**. Under the Byrd Program, if you demonstrate outstanding academic achievement and show promise of continued excellence, you may receive \$1,500 a year for up to four years of postsecondary education. The amount of the Byrd scholarship plus any other aid you receive can't exceed your **cost of education**.<sup>\*</sup> At least 10 scholarships will be made available per state. Under the NSSP, if you're a graduating high school senior (or you'll obtain the equivalent of a certificate of graduation), and you've demonstrated excellence and achievement in the physical, life, or computer sciences; mathematics; or engineering, you may receive funds to continue your studies at the postsecondary level. Scholarships of up to \$5,000 per year of undergraduate study, or the **cost of education**,<sup>\*</sup> whichever is less, are awarded to two students from each congressional district.



Either state education agency mentioned above or on page 1 can give you information about the **Paul Douglas Teacher Scholarship Program**. These scholarships are for outstanding high school graduates who want to pursue teaching careers after they finish college. A Douglas scholarship can provide up to \$5,000 a year if you graduate from high school in the top 10 percent of your class, and if you meet other selection criteria your state agency may establish. Generally, you're required to teach two years for each year of scholarship assistance you receive.

**NOTE:** Some states don't participate in the Douglas Program.

For the address and telephone number of the appropriate state agency, contact your financial aid administrator or call the toll-free number on page 18.





Your **public library** is an excellent source of information on state and private sources of aid. Your financial need is usually considered, but other factors may also be taken into account.





Many **companies**, as well as labor unions, have programs to help pay the cost of postsecondary education for employees or members (or for their children).

<sup>\*</sup>See "Important Terms," pages 48 to 54.

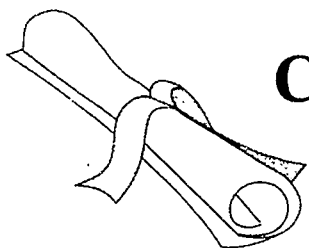
 Check **foundations**, religious organizations, fraternities or sororities, and town or city clubs. Include community organizations and civic groups such as the American Legion, YMCA, 4-H Clubs, Kiwanis, Jaycees, Chamber of Commerce, and the Girl or Boy Scouts.

 National Honor Society and National Merit **scholarships** are available if you have high grades and you qualify.

 Don't overlook aid from **organizations connected with your field of interest** (for example, the American Medical Association or the American Bar Association). These organizations are listed in the U.S. Department of Labor's *Occupational Outlook Handbook* and can also be found in various directories of associations available at your public library.

 If you (or your spouse) are a veteran, **veterans educational benefits** may be available. Check with your local Veterans' Affairs office.





# Choosing a School Carefully

Education after high school costs you time, money, and effort. It's a big investment, and you should carefully evaluate the school you're considering. You ought to know what you'll be getting for your money. When you enroll in school, you expect to learn certain subjects, or maybe certain skills that will help you get a specific job. Will you? A lot depends on you. To find out about a school, you need to—

➡ **check the school's accreditation.** Ask for the names of the school's accrediting and licensing organizations, which can give you information about the school. You also have the right to ask the school for a copy of the documents describing the school's accreditation and licensing. Accreditation means a private educational agency or association has evaluated a school and found it meets certain minimum requirements that agency has set. But don't assume that if a school is accredited that's all you need to know. You also need to—

➡ **find out for yourself about the school's programs.** Is the program the school offers necessary to get a job in your chosen profession? How much are you likely to earn after you complete the program? Check with employers to see if you need education beyond high school to be considered for employment; maybe the employers will provide on-the-job training instead. If you do decide to enroll, you have the right to ask a school about its programs; its faculty; and its instructional, laboratory, and other physical facilities (including special facilities and services available to the disabled). What is the size of most classes? Will you have enough contact with your instructors? If you're attending a school that offers training using equipment, make sure the classes are not so large you never get to use it. If a school advertises a certain kind of equipment, make sure it actually has that equipment. Is it modern and what you'll actually be using in your field later on?

Find out how many credits you need to graduate or complete the coursework. Ask how many students finish. A high dropout rate could mean students weren't satisfied with the education they were receiving.

It's also a good idea to talk to recent graduates about the school's courses, its professors or instructors, even its social life and living facilities, if applicable. And remember, just because a school participates in the U.S. Department of Education's student aid programs does **NOT** mean the Department has endorsed the quality of the education the school offers. The Department **does not approve** a school's curriculum, policies, or administrative practices, **except** as they relate to how the school operates federal student aid programs. **It's up to you to check out the school.**

➡ **find out about your school's default rate.** This rate refers to the percentage of students who attended a particular school, took out a federal student loan, and later went into **default**.<sup>\*</sup> If a school you want to attend has a default rate of 30 percent or more for the Federal Perkins Loan Program or 25 percent or more for the Federal Stafford Loan program, there may be some restrictions on borrowing under those programs.

➡ **find out about job placement rates.** You'll be concerned about getting a job in your chosen field after you leave school. What's the school's job placement rate? Check with former graduates and prospective employers, not just the school. What's the placement rate of your chosen profession in general? If the school advertises its job placement rates, it must also publish the most recent available data about employment statistics, graduation statistics, and any other information necessary to back up its claims. This information must be available at, or before, the time you apply for admission to the school.

Does the school provide instruction on topics you'll need to know for state or professional certification of graduates? If the school advertises job placement rates, it must tell you what the state licensing requirements are for a particular job. If a school says it will help you find a job, what does this include? Will the school contact potential employers and set up interviews? Will you receive counseling on how to obtain and keep a job?

<sup>\*</sup>See "Important Terms," pages 48 to 54.



**find out about financial aid.** You have the right to find out from the school—

- ◆ what financial assistance is available, including information on all federal, state, local, private, and institutional financial aid programs. You also have the right to know how a school selects financial aid recipients.
- ◆ what the procedures and deadlines are for submitting applications for each available financial aid program.
- ◆ how the school determines your financial need. This process includes how costs for tuition and fees, room and board, travel, books and supplies, and personal and miscellaneous expenses are considered in your **cost of education**.<sup>\*</sup> It also includes the resources considered in calculating your need (such as parental contribution, other financial aid, and assets). You also have the right to know how much of your financial need has been met and how and when you'll receive your aid.
- ◆ how the school determines each type and amount of assistance in your **financial aid package**.<sup>\*</sup> You also have the right to ask the school to reconsider your aid package if you believe a mistake has been made, or if your enrollment or financial circumstances have changed.
- ◆ how the school determines whether you're making **satisfactory academic progress**,<sup>\*</sup> and what happens if you're not. Whether you continue to receive federal financial aid depends, in part, on whether you're making satisfactory progress.
- ◆ what the interest rate is on any student loan you may receive, the length of time you have to repay, when you must start repaying, and what cancellation or deferment (postponement) provisions apply.
- ◆ if you're offered a Federal Work-Study job (see page 23 for information on this program)—what kind of job it is, what hours you must work, what your duties will be, what the rate of pay will be, and how and when you'll be paid.
- ◆ who the school's financial aid personnel are, where they're located, and how to contact them for information.

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<sup>\*</sup>See "Important Terms," pages 48 to 54.

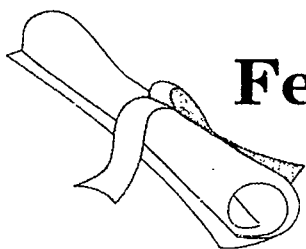
➡ **understand your school's refund policy.** You have the right to know what your school's policy is. If something happens and you never register for classes, or if you drop out of school after you start, you may be able to get part of your education expenses returned to you. But, after a certain date, you won't get any money back. Check with your school to find out what expenses you may have to pay if you drop out. Keep in mind that if you receive federal student aid from any of the programs mentioned in the *Guide*—except for Federal Work-Study—some or all of that aid will be returned to those programs (or to a lender, in some cases). Note that you'll have to repay any portion of a loan that is **not** refunded to a lender.

The school must explain its refund policy, in writing, to all students—prospective as well as current. For specific information about the refund policy at your school, contact your financial aid administrator.



➡ **check several sources to find out the answers to questions you may have about a school.** Talk to high school counselors, local employers, and the state higher education agency. See if any complaints about the school have been filed with the local Better Business Bureau, Chamber of Commerce, or consumer protection division of the state attorney general's office. And contact these organizations if you have a complaint about a school.

You're paying for an education. Make sure you get it.



# Federal Student Aid— General Information

The U.S. Department of Education has the following major student financial aid programs:

- \$ Federal Pell Grants
- \$ Federal Supplemental Educational Opportunity Grants (FSEOG)
- \$ Federal Work-Study (FWS)
- \$ Federal Perkins Loans
- \$ Federal Stafford Loans
- \$ Federal PLUS loans
- \$ Federal Direct Student Loans (at *some* schools)

**Grants** are financial aid you don't have to pay back.

**Work-Study** lets you work and earn money to help pay for school.

**Loans** are borrowed money that you must repay with interest.

**Undergraduates** may receive all three types of financial aid.

**Graduate students** may receive loans or Federal Work-Study, but not Federal Pell Grants or FSEOG.

Not all schools take part in all the programs. To find out which ones are available at a school, contact the school's financial aid administrator.



## STUDENT ELIGIBILITY

To receive aid from the programs discussed in this booklet, you must—

- usually, have financial need (see page 10).
- have a high school diploma or a **General Education Development (GED)\*** certificate, or you must pass an independently administered test approved by the U.S. Department of Education, or meet other standards your state establishes that are approved by the Department.
- be enrolled as a **regular student\*** in an **eligible program.\***
- be a **U.S. citizen\*** or **eligible noncitizen.\***
- have a Social Security Number.
- make **satisfactory academic progress.\***
- sign a **statement of educational purpose/ certification statement on refunds and default.\***
- sign a **statement of updated information.\***
- register with the **Selective Service,\*** if required.

You may not receive aid for correspondence courses unless they are part of an associate-, bachelor-, or graduate-degree program.

\*See "Important Terms," pages 48 to 54.



## Financial Need



Aid from most of the programs discussed in this booklet is awarded based on financial need. (An exception is the Federal PLUS Program. Also, it's possible to receive a Federal Stafford Loan regardless of income. See pages 27-38 for information on these programs.)

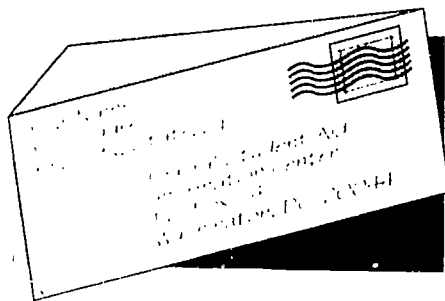
The information you report when you apply for aid (see "Applying," page 12) is used in a formula, established by Congress, that calculates your **Expected Family Contribution (EFC)\***, an amount you and your family are expected to pay toward your education. For the Federal Pell Grant Program, if your **EFC\*** is below a certain number, you're eligible for a Pell Grant, assuming you meet all other eligibility requirements. (For information on Federal Pell Grants, see page 19.)

There isn't a maximum **EFC\*** that defines eligibility for the "campus-based" programs and for need-based Federal Stafford Loans (see pages 21 and 27 for information on these programs). Instead, your **EFC\*** is used in an equation to determine your financial need:

$$\begin{array}{r} \text{Cost of Education*} \\ - \text{Expected Family Contribution*} \\ = \text{Financial Need} \end{array}$$

Your financial aid administrator takes the **cost of education\*** at your school and subtracts the amount you and your family are expected to pay toward that cost. If there's anything left over, you're considered to have financial need.

You can get a booklet describing the formula that produces the **Expected Family Contribution\*** by writing to—



The financial aid administrator can adjust the formula's data elements or can adjust your **cost of education\***, if he or she believes your family's financial circumstances warrant it. However, the aid administrator does not **have** to make such an adjustment. For more information on adjustments, see "Special Circumstances," page 16.

\*See "Important Terms," pages 48 to 54.



## Dependency Status



Certain questions you answer when you apply for financial aid will determine whether you're considered **dependent** on your parents and must report their income and assets as well as your own, or whether you're **independent** and must report only your own income and assets (and those of a spouse). Income and asset information are used in determining your eligibility for federal student aid.

Students are classified as dependent or independent because federal student aid programs are based on the idea that students' parents have the primary responsibility of paying for their children's education. Students who have access to parental support (dependent students) should not receive federal funds at the expense of students who don't have that access (independent students).

You're an **independent** student if you're one of the following—

- ◆ someone born before January 1, 1971
- ◆ married
- ◆ a graduate or professional student
- ◆ someone with legal dependents other than a spouse
- ◆ an orphan or ward of the court
- ◆ a veteran

If you claim to be an independent student, your school may ask you to submit proof before you can receive any federal student aid. If you think you have unusual circumstances that would make you independent even though you normally would be considered dependent, talk to the financial aid administrator at your school. The aid administrator can change your status to independent if he or she thinks your circumstances warrant it. But remember, the aid administrator won't automatically do this. That decision is based on his or her judgment, and it's **final**—you can't appeal it to the U.S. Department of Education.







## Applying



### The Application Process

If you did **not** apply for federal student aid in **1993-94**, you'll apply for federal aid in 1994-95 through one of two means: by filling out the "Free Application for Federal Student Aid" (FAFSA), which you can get from your school, or by applying electronically (using the school's computer), which means you may not have to fill out the FAFSA. Check with the schools you're interested in to see what method they use.



If you **did** apply for federal student aid in 1993-94, you probably won't have to start over and fill out a new FAFSA for 1994-95. In most cases, you'll be able to file a "RENEWAL Free Application for Federal Student Aid" ("Renewal Application"), which you'll receive at your home address. (You may also be able to file a "Renewal Application" electronically, just as you may be able to file a FAFSA electronically. Again, check with your school.) If you use the "Renewal Application," you'll have fewer questions to answer: About 75 percent of the information on the form will be pre-printed and will be the same as the information you gave in 1993-94 (plus any corrections you made through November 8, 1993). You'll only have to write in information that has changed from 1993-94 (for example, a change in income or family size). Check with your aid administrator if you have questions about the "Renewal Application."



To be considered for **non-federal** aid such as institutional and/or state aid, you may have to fill out an additional application and pay a fee to have it processed. Schools have supplies of these applications, so check with your school to see which non-federal application to fill out, if any. Remember, there's **no charge** to apply for **federal** student aid.

For the Federal Stafford<sup>1</sup> Loan or Federal PLUS loan programs, there are some additional steps you must take to apply. (See pages 29 and 36 for more information.)

**NOTE** You'll need a Social Security Number when you apply, or your application won't be processed.

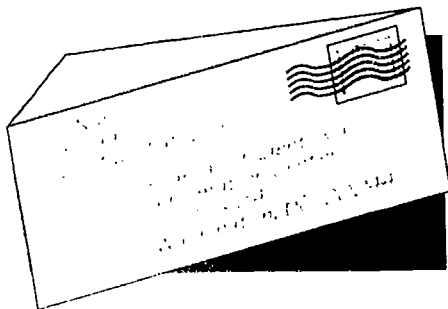


... when you apply for financial aid—whether you're filing the FAFSA or the "Renewal Application." Most mistakes are made because students don't follow instructions. Pay special attention to any questions on **income**, because this area is where most mistakes are made. Also, in Section H of the FAFSA or "Renewal Application," fill out carefully the name(s) of the school(s) you're interested in attending. If any of these schools participates in at least one of the programs mentioned in this *Guide*, it will have a "Title IV Institution Code." You can get a list of Title IV codes from a college's financial aid office, your high school, or your local public library.

**Apply as soon as possible AFTER January 3, 1994.** (You can't apply before this date.) If you're not applying electronically, mail the completed FAFSA or "Renewal Application" (**and** the non-federal application, if you're using one) in the envelope(s) found in the application package. It will take approximately **four weeks** for your federal application to be processed. If you have to confirm or correct any information you provided, reprocessing your application will take another **two to three weeks**. Also, you may have to prove the information you reported is correct (see page 14). You need to complete each step in the process **promptly**, so that you don't miss any deadlines (see "Deadlines," page 17). **Missing a deadline means you could lose out on student aid.**



If it's been more than four weeks since you sent in your FAFSA or "Renewal Application" and you haven't heard anything, you can check on your application by calling the number for application status checks given on page 18. Or, you can write to—



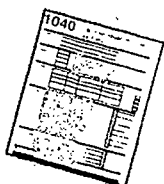
If you write, make sure you include in your letter your full name, permanent address, Social Security Number, date of birth, and signature.

**NOTE** Aid from federal programs is not guaranteed from one year to the next. **You must reapply every year.** Also, if you change

schools, your aid doesn't necessarily go with you. Check with your new school to find out what steps you must take.

## Records Needed

When you apply, you should have certain records on hand.



The 1993 U.S. income tax return is the most important record, because you must use exact numbers from specific lines on the tax return in order to apply. You'll need to refer to—

- ◆ your tax return,
- ◆ your parents' return (if you apply as a dependent student), and
- ◆ your spouse's return (if you're married and your spouse filed a separate return).

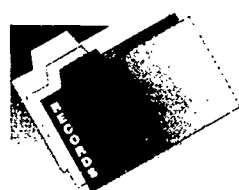
Referring to the tax form will make it easier to answer the questions when you apply.

Other records such as W-2 forms, business/farm records, and bank statements will also be useful.

***You should save all records and all other materials used in applying for aid*** because you'll need them later if either the U.S. Department of Education or your school selects you for a process called "verification." This means **you'll have to prove that the information you reported is correct.** (Many schools require *all* financial aid applicants to verify the information they reported.) As part of the verification process, you'll have to give your financial aid administrator certain information or documents, such as the ones mentioned in this section. If you don't provide proof, you won't receive aid from the U.S. Department of Education, and you may not receive aid from other sources. So make sure you keep all documents, and make sure the information you report is accurate!

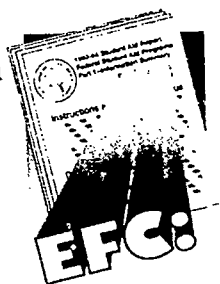
## Student Aid Report

If you mailed a "Free Application for Federal Student Aid" or a "Renewal Application" to your processor (that is, if you didn't apply electronically), you'll receive a Student Aid Report (SAR) in approximately four weeks. (If you applied



electronically, your school will either notify you that your application results are in or will mail you a computer printout of the same information that would be on a SAR.)

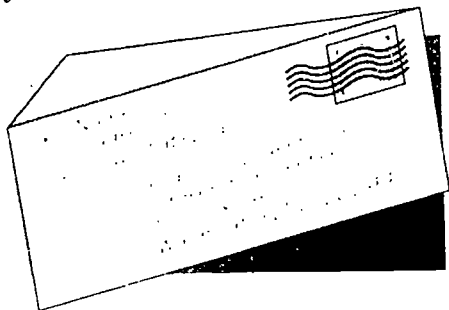
If you receive a SAR, it will contain the information you gave on your application plus your **Expected Family Contribution (EFC)\*** number, used in determining your eligibility for federal student aid. Your school may use the SAR as the basis to pay you, if you're eligible. Or, your school may have already received your application information from the federal application processor and may be able to pay you without a SAR. However, it's best to submit your SAR to your school, just in case.



But first, review the SAR to make sure it's correct. **Read the SAR instructions carefully;** make any necessary changes on Part 2 of the SAR; return Part 2 to the address given at the end of Part 2.

If you don't need to make changes, photocopy the entire SAR for your records and submit the **original** SAR to your financial aid administrator right away.

You can receive a copy of your original SAR, if you find you need one, by writing to the address given at the end of Part 2 of the SAR. If you no longer have your SAR, you may write to the agency where you sent your student aid application or to—



When you write, make sure you include in your letter your full name, permanent address, Social Security Number, date of birth, and signature.

You can also request a copy of your SAR by calling the telephone number for duplicate requests given on page 18.

**Make sure your correct address is on file,** or you won't receive your duplicate SAR. You can correct your address by writing to the agency where you sent your application, or to the address given above. You can't change your address over the phone, however, because your signature is required.

\*See "Important Terms," pages 48 to 54.



## Special Circumstances



Although the process of determining a student's eligibility for federal student aid is basically the same for all applicants, there is some flexibility. For instance, if the aid administrator believes it's appropriate, he or she can change your dependency status from dependent to independent (see page 11).

In some cases, the financial aid administrator may adjust your **cost of education**\* or data elements of your **Expected Family Contribution (EFC)**\* to take into account circumstances that might affect the amount you and your family would be expected to contribute toward your education. These circumstances include a family's unusual medical or dental expenses, or tuition expenses for children attending a private elementary or secondary school. Also, an adjustment may be made if you, your spouse, or (if you're a dependent student) either of your parents is a **dislocated worker**.\* If any of these conditions applies to you or your family, see your aid administrator.



Also check with the aid administrator if you feel you have any other special circumstances that might affect the amount you and your family are expected to contribute. But remember, there have to be very good reasons for the aid administrator to make any adjustments, and you'll have to provide adequate proof to support those adjustments. Also remember that the aid administrator's decision is **final** and cannot be appealed to the U.S. Department of Education.

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\*See "Important Terms," pages 48 to 54. 21



## Deadlines



Whether you apply electronically or by paper, your “Free Application for Federal Student Aid” (FAFSA) or “Renewal Application” must be **received** by the application processor by this date. **THERE ARE NO EXCEPTIONS TO THIS DEADLINE.**

**Apply as soon AFTER January 3, 1994 as you can.** (You can’t apply before this date.) Schools often set deadlines **early** in the calendar year that students must meet to receive certain types of funds, including “campus-based” program funds (see page 21 for information on these programs).



**... or your last day of enrollment in 1994-95, whichever comes first:** This is the deadline for submitting your SAR to your school’s financial aid office. If your school has received your application information from the federal application processor, you may be able to certify that information at your school and not have to submit a SAR. But in any case, your

correct, complete application information must be at your school by the appropriate deadline. Be sure you know your last day of enrollment in 1994-95—it may be earlier than June 30.

**NOTE:** If you’re selected for verification (see page 14), additional deadlines apply to you. Your financial aid administrator will tell you what they are.



## Telephone Numbers



You may sometimes need answers right away to questions about federal student aid matters. If so, you may call one of the numbers below at the **Federal Student Aid Information Center** between **9:00 a.m. and 5:30 p.m.** (Eastern Time), Monday through Friday:



**1 (800) 4-FED AID (1-800-433-3243)**—a **toll-free** number  
The Information Center provides the following services:

- ♦ helping you answer questions when you're applying for aid
- ♦ checking on whether a school takes part in federal student aid programs, or if a school has a high default rate (see page 5)
- ♦ explaining student eligibility requirements
- ♦ explaining the process of determining financial aid awards
- ♦ mailing publications on federal student aid



**1 (301) 722-9200**

You must call this number at the Information Center if you want to find out if your "Free Application for Federal Student Aid" (FAFSA) or your "Renewal Application" has been processed, or if you want a copy of your Student Aid Report (SAR). **Please note that you will have to pay for this call.** The Center cannot accept collect calls.



**1 (800) 730-8913**

If you're hearing-impaired, you may call this **toll-free** TDD number at the Information Center for help with any federal student aid questions you may have.

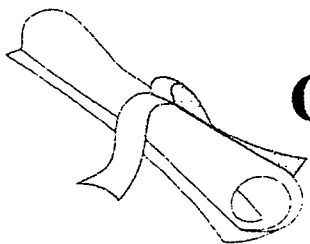
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If you have reason to suspect any fraud, waste, or abuse involving federal student aid funds, you may call the following **toll-free** number:



**1 (800) MIS-USED (1-800-647-8733)**

This number is the hotline to the U.S. Department of Education's Inspector General's office. You may remain anonymous, if you wish.



# Grants, Work-Study, and Loans



## Federal Pell Grants



### What is a Federal Pell Grant?

A Federal Pell Grant is an award to help undergraduates pay for their education after high school. For the Federal Pell Grant Program, an undergraduate is one who has not earned a bachelor's or professional degree. (A professional degree would include a degree in such fields as pharmacy or dentistry.)

For many students, Pell Grants provide a "foundation" of financial aid, to which aid from other federal and non-federal sources may be added. Unlike loans, grants don't have to be paid back.

### How do I qualify?

To determine if you're eligible, the U.S. Department of Education uses a standard formula, established by Congress, to evaluate the information you report when you apply. (See page 10.) The formula produces an **Expected Family Contribution (EFC)\*** number. Your Student Aid Report (SAR) contains this number and will tell you if you're eligible.

### How much money can I get?

Awards for the 1994-95 award year (July 1, 1994 to June 30, 1995) will depend on program funding. The maximum award for the 1993-94 award year was \$2,300. How much **you** get will depend not only on your **EFC,\*** but on the **cost of education\*** at your school, whether you're a full-time or part-time student, and whether you attend school for a full **academic year,\*** or less.

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\*See "Important Terms," pages 48 to 54.



If you participate in a study abroad program that costs more than the **cost of education**\* at your home school, you may be able to get additional Federal Pell Grant aid to help cover those costs. However, the extra Pell amount plus whatever Pell Grant funds you're already eligible for can't exceed the maximum Pell award for 1994-95. Your study abroad course must be approved for credit by your home school.

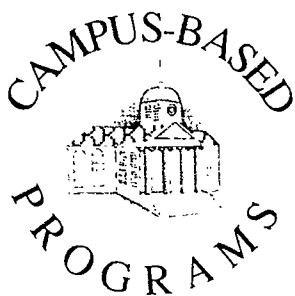
### **How will I be paid?**

Your school will credit your award to your account, pay you directly, or combine these methods.

The school must tell you in writing how and when you'll be paid and how much your award will be. You should acknowledge the school's notification in writing, for the school's records. Schools must pay at least once per term (semester, trimester, or quarter). Schools that do not use formally defined, traditional terms must pay at least twice per **academic year**.\*

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\*See "Important Terms," pages 48 to 54.



## FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS (FSEOG)

## FEDERAL WORK-STUDY (FWS)

## FEDERAL PERKINS LOANS

The three programs you'll read about in this section are called "campus-based" programs because they're administered by the financial aid administrator at each participating school. Your **financial aid package\*** may contain aid from one or more of these programs.

Even though each program is different—FSEOG offers grants, FWS offers jobs, and Perkins provides loans—they have these two characteristics in common:

◆ How much aid you receive depends on your financial need (see page 10), on the amount of other aid you'll receive, and on the availability of funds at your school. Unlike the Federal Pell Grant Program, which provides funds to every eligible student, each school participating in any of the "campus-based" programs receives a certain amount of funds for each program. When that money is gone, there are no more awards from that program for that year.

◆ Each school sets its own deadlines for applying for campus-based funds **early** in each calendar year. These deadlines may be earlier than the U.S. Department of Education's deadline for turning in the "Free Application for Federal Student Aid" or "Renewal Application" (May 1, 1995). Be sure to check with the financial aid administrator at your school to find out what its deadlines are. **You'll probably miss out on aid from the "campus-based" programs if you don't apply early!**



\*See "Important Terms," pages 48 to 54.



## Federal Supplemental Educational Opportunity Grants



### What is a Federal Supplemental Educational Opportunity Grant?

A Federal Supplemental Educational Opportunity Grant (FSEOG) is for undergraduates with *exceptional* financial need, that is, students with the lowest **Expected Family Contributions (EFCs)\*** who are also Federal Pell Grant recipients. An FSEOG doesn't have to be paid back.

### How much can I get?

You can get up to \$4,000 a year, depending on the restrictions noted on the preceding page. If you're participating in a study abroad program approved for credit by your home school, you may get up to \$4,400 if your study abroad costs exceed the **cost of education\*** at your home school.

### What's the difference between an FSEOG and a Federal Pell Grant?

The U.S. Department of Education guarantees that each participating school will receive enough money to pay the Federal Pell Grants of its eligible students. As noted above, there's no guarantee every eligible student will be able to receive an FSEOG.

### How will I be paid?

Your school will credit your account, pay you directly, or combine these methods. Schools must pay students at least once per term (semester, trimester, or quarter). Schools that do not use traditional terms must pay at least twice during the **academic year.\*** (There's one exception: If the total FSEOG aid you receive is \$500 or less, the school may pay you just once during the **academic year.\***)

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\*See "Important Terms," pages 48 to 54.



## Federal Work-Study



### **What is Federal Work-Study?**

The Federal Work-Study (FWS) Program provides jobs for undergraduate and graduate students who need financial aid. FWS gives you a chance to earn money to help pay your educational expenses. The program encourages community service work.

### **How much can I make?**

Your pay will be at least the current federal minimum wage, but it may be higher, depending on the type of work you do and the skills required. Your total FWS award depends on the restrictions noted on page 21.

### **How will I be paid?**

If you're an undergraduate, you'll be paid by the hour. If you're a graduate student, you may be paid by the hour or you may receive a salary. No FWS student may be paid by commission or fee. Your school must pay you directly at least once a month.

### **Are Federal Work-Study jobs on campus or off campus?**

Both. If you work on campus, you'll usually work for your school. If you work off campus, your employer will usually be a private non-profit organization or a local, state, or federal public agency, and the work performed must be in the public interest. Some schools may have agreements with private sector employers for FWS jobs. FWS jobs should be related to your course of study. A proprietary institution (career school) can award an off-campus FWS job to a student working **for the institution**, provided the work involves community service and is directly related to the student's course of study.

### **Can I work as many hours as I want?**

No, your school sets your work schedule. When assigning work hours, your financial aid administrator will take into account your class schedule, your health, and your academic progress. And remember, the amount you earn can't exceed your total FWS award.



## Federal Perkins Loans



### What is a Federal Perkins Loan?

A Federal Perkins Loan is a low-interest (5 percent) loan to help you pay for your education after high school. These loans are for both undergraduate and graduate students with *exceptional* financial need, that is, students with the lowest **Expected Family Contributions (EFCs)**.<sup>\*</sup> Federal Perkins Loans are made through a school's financial aid office—your school is your lender. You must repay this loan.

### How much can I borrow?

Depending on the restrictions noted on page 21, you can borrow up to—

- ♦ \$3,000 for each year of undergraduate study. The total debt you can have outstanding as an undergraduate is \$15,000.
- ♦ \$5,000 for each year of graduate or professional study. The total debt you can have outstanding as a graduate/professional student is \$30,000. (This includes any Perkins Loans you borrowed as an undergraduate.)

You may be able to borrow more than the amounts given above if you're attending a school that has a default rate no higher than 7.5 percent. Check with your school.

If you're participating in a study abroad program approved for credit by your home school, the annual and total debt limits above may be exceeded by 20 percent.

### How will I be paid?

After you sign a **promissory note**<sup>\*</sup> agreeing to repay the loan, your school will either pay you directly or credit your account. You'll receive the loan in at least two payments during the **academic year**.<sup>\*</sup> There's one exception: If the total Federal Perkins Loan



<sup>\*</sup>See "Important Terms," pages 48 to 54.

amount you receive is \$500 or less, the school may pay you just once during the **academic year**,\* if it chooses.

### When do I pay back this loan?

You have a period of time before you have to begin repayment, called a "grace period." If you're attending school at least **half-time**,\* you have a grace period of nine months after you graduate, leave school, or drop below **half-time**.\* If you're a less-than-**half-time**\* student, your grace period may be different. Check with your financial aid administrator.



At the end of your grace period, you must begin repaying your loan. You may be allowed up to 10 years to repay.

### How much will I have to pay each month?

The amount of each payment depends on the size of your debt and on the length of your repayment period. If your loan was first disbursed on or after October 1, 1992 **and**, on the date your loan was made you had no Perkins Loan balance outstanding (unpaid), your school has the option of making you pay at least \$40 a month. If you're not in this category, your school may require you to pay at least \$30 a month.

The chart below gives an **estimate** of typical monthly payments and total interest charges for three different 5-percent loans over a 10-year period.

<u>Total Loan Amount</u>	<u>Number of Payments</u>	<u>Monthly Payment</u>	<u>Total Interest Charges</u>	<u>Total Repaid</u>
\$ 3,000	119 1	\$ 31.84 28.90	\$ 817.86	\$ 3,817.86
5,000	119 1	53.06 49.26	1,363.40	6,363.40
15,000	119 1	159.16 150.81	4,090.85	19,090.85

\*See "Important Terms," pages 48 to 54.

**NOTE.** If you skip a payment, if it's late, or if you make less than a full payment, you'll have to pay a late charge plus any collection costs. Late charges will continue until your payments are current.

### **Is it ever possible to defer (postpone) repayment of my Federal Perkins Loan?**

Under certain conditions, yes—and as long as you're not in **default**.\* See page 45 for the list of deferments available if your Perkins Loan was first disbursed on or after July 1, 1993. If you have a loan that was first disbursed **before** July 1, 1993, check your **promissory note**\* for the deferments that apply to that loan.

Deferments are not automatic. You must apply for one through your school, using a deferment request form you must get from your school. You must file your deferment request on time, or you'll pay a late charge. For more detail on deferments, contact your financial aid administrator.



### **Are there ever any circumstances where repayment of a Federal Perkins Loan can be cancelled?**

Under certain conditions, yes—and as long as you're not in **default**.\* See pages 46 and 47 for the list of cancellation conditions. For more information, contact your financial aid administrator.



Although not a cancellation, if you serve as an enlisted person in certain specialties of the U.S. Army, the Army Reserves, the Army National Guard, or the Air National Guard, the Department of Defense will, as an enlistment incentive, **repay** a portion of your Perkins Loan. If you think you qualify, contact your recruiting officer.

If you have any questions about the terms of your Federal Perkins Loan, repayment obligations, deferment, or cancellation, check with the school that made you the loan. Only that school can grant deferment or cancellation, or make decisions concerning your loan.

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\*See "Important Terms," pages 48 to 54. 31



## Federal Stafford Loans



### What is a Federal Stafford Loan?

Federal Stafford Loans are low-interest loans made to students attending school at least **half-time**.\* Loans are made by a lender such as a bank, credit union, or savings and loan association. Sometimes a school acts as a lender. These loans are insured by the **guaranty agency**\* in each state and reinsured by the federal government. You must repay this loan.



### Who can get a Stafford Loan?

Students may qualify for a "subsidized" Federal Stafford Loan, which is based on financial need (see page 10). But, students can also get an "unsubsidized" Federal Stafford Loan regardless of need—that is, regardless of their or their family's income. (See page 29 for a discussion of "subsidized" and "unsubsidized" Stafford Loans.) It's possible for a student to have a Federal Stafford Loan partly based on financial need and partly not on need.

### How much can I borrow?

♦ If you're a **dependent undergraduate** student (see page 11 for a discussion of dependency status), you can borrow up to—

- \$2,625, if you're a first-year student enrolled in a program of study that is a full **academic year**.\*
- \$3,500, if you've completed your first year of study, and the remainder of your program is a full **academic year**.\*
- \$5,500 a year, if you've completed two years of study, and the remainder of your program is at least one **academic year**.\*

For periods of undergraduate study that are less than an **academic year**,\* the amounts you can borrow will be less than those above. Talk to your financial aid administrator to find out how much you can borrow.



\*See "Important Terms," pages 48 to 54.



♦ If you're an **independent undergraduate**, you can borrow up to—

- \$6,625, if you're a first-year student enrolled in a program of study that is a full **academic year**.<sup>\*</sup> (At least \$4,000 of this amount must be in **unsubsidized** Stafford Loans.) See page 29 for a discussion of "unsubsidized."
- \$7,500, if you've completed your first year of study, and the remainder of your program is a full **academic year**.<sup>\*</sup> (At least \$4,000 of this amount must be in **unsubsidized** Stafford Loans.)
- \$10,500 a year, if you've completed two years of study, and the remainder of your program is at least one **academic year**.<sup>\*</sup> (At least \$5,000 of this amount must be in **unsubsidized** Stafford Loans.)

For periods of undergraduate study that are less than an **academic year**,<sup>\*</sup> the amounts you can borrow will be less than those above. Talk to your financial aid administrator to find out how much you can borrow.



**NOTE** Federal Stafford Loans are not made to **any** undergraduates enrolled in programs that are less than one-third of an **academic year**.<sup>\*</sup>

♦ If you're a **graduate** student, you can borrow up to \$18,500 a year. (At least \$10,000 of this amount must be in **unsubsidized** Stafford Loans.)

You can't receive more than the maximum yearly Federal Stafford Loan amounts during any seven-month period.

**NOTE** The amounts given are the **maximums** you can borrow. However, you can't borrow more than the **cost of education**<sup>\*</sup> at your school minus any other financial aid you receive.

The total Federal Stafford Loan debt you can have outstanding as a dependent undergraduate is \$23,000; as an independent undergraduate, \$46,000. The total debt allowed for graduate or professional study is \$138,500 (\$65,500 in subsidized Federal Stafford Loans and \$73,000 in unsubsidized Staffords). The graduate debt limit includes any Federal Stafford Loans you received as an undergraduate.

<sup>\*</sup>See "Important Terms," pages 48 to 54.

## What's the interest rate on a Federal Stafford Loan?

If your loan was first disbursed on or after July 1, 1994 and, on the date you sign your **promissory note**\* you have no Federal Stafford Loan, Federal PLUS loan, Federal Supplemental Loans for Students loan,<sup>†</sup> or **consolidation loan**\* outstanding (unpaid), your interest rate will be variable, but not higher than 8.25 percent. From July 1, 1993 through June 30, 1994, the interest rate for a Federal Stafford Loan was 6.22 percent. Variable interest rates are set each June. The organization holding your loan will notify you of later interest rate changes. If your loan was first disbursed before July 1, 1994, check with the organization that holds your loan for the interest rate that applies to you.

If you have a need-based Federal Stafford Loan (see page 27), the federal government pays the interest on the loan while you're in school or in deferment (see page 45 for information on deferments.) These types of loans are called "subsidized" Stafford Loans because the government pays the interest and therefore subsidizes or supports these loans. If you have a **non**-need-based Stafford, you have an "unsubsidized" Federal Stafford Loan, and you'll be responsible for the interest during in-school and deferment periods. (The organization holding your loan may let the interest accumulate until you're out of school or until your deferment ends. Note, however, that the interest will be added to the principal, increasing the amount of principal you'll have to repay.)

## I've heard of a charge for a Stafford Loan. Is this correct?

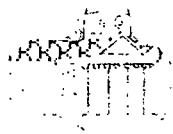
You'll pay an "origination fee" of **3 percent**, which will be deducted proportionately from each loan disbursement made to you. This fee is passed on to the federal government to help reduce the government's cost for these loans. Your lender may also collect an insurance premium of up to **1 percent** of the loan principal. This premium will also be deducted proportionately from each disbursement.

## How do I apply for a loan?

You get an application from a lender, a school, or your state **guaranty agency**.\* After you fill out your part of the application, the

\*See "Important Terms," pages 48 to 54.

<sup>†</sup> This program has been repealed, beginning with the 1994-95 award year.



school you plan to attend must complete its part, certifying your enrollment, your **cost of education**,\* your academic standing, any other financial aid you'll receive, and your financial need. (Your need is evaluated to see if you qualify first for a subsidized Federal Stafford Loan.)

Before you can receive a Stafford Loan, your school must first determine your eligibility for a Federal Pell Grant, if you're an undergraduate and your school participates in the Federal Pell Grant Program. If you're eligible, the amount of your Pell Grant will be considered in determining your **financial aid package**,\* so you won't be overawarded.



When the school's portion of the application is completed, you or your school submits it to the lender you've chosen. If the lender agrees to make the loan and gets the approval of the **guaranty agency**,\* the lender will send the loan amount to your school.

**NOTE** Your school can refuse to certify your loan application, or can certify a loan for an amount less than you would otherwise be eligible for, if the school documents the reason for its action and explains the reason to you *in writing*. The school's decision is final and cannot be appealed to the U.S. Department of Education.

### When should I apply?

Because not every lender participates in the Federal Stafford Loan Program, you should begin looking for one as soon as you're accepted by your school. Give yourself as much time as possible to complete the application process.

### How can I find out who the lenders are in my state?

Contact your state **guaranty agency**.\* It's the best source of information on the Federal Stafford Loan Program in your state. To find out your agency's address and telephone number, and to find out more information about borrowing, call the Federal Student Aid Information Center (toll-free) on 1 (800) 4-FED AID (1-800-433-3243).



\*See "Important Terms," pages 48 to 54.

## How will I be paid?



After you sign a **promissory note**\* agreeing to repay your loan, your loan proceeds will be made payable either to you or to both you and your school. Your school will pay you directly, credit your account, or combine these methods. You may receive payment as often as weekly or monthly, if your lender agrees; these payments must be in equal installments. Even if you're paid less often, no payment may exceed one-half of your loan amount. If you're studying abroad, you'll receive your funds directly, if you choose.

If you're a first-year undergraduate student and a first-time Federal Stafford Loan borrower, you can't receive your first payment until 30 days after the day your program of study begins.

## When do I pay back this loan?

After you graduate, leave school, or drop below **half-time**\*, you have six months before you have to begin repayment. This is called a "grace period" if you have a **subsidized** Stafford Loan; you won't have to pay any principal or interest during that period. If you have an unsubsidized Stafford Loan, you'll be responsible for the interest during the six months. (See page 29 for a discussion of subsidized/unsubsidized Federal Stafford Loans.)

Within 120 days after you leave school, the organization holding your loan must notify you of the date repayment begins. However, **you** are responsible for beginning repayment on time, regardless of this notice.

## How much will I have to pay each month?

The amount of each payment depends on the size of your debt and on the length of your repayment period. Usually, you'll pay at least \$50 a month. However, if your Federal Stafford Loan was first disbursed on or after **July 1, 1993**, and you have no outstanding (unpaid) Federal Stafford Loan, Federal PLUS loan, Federal Supplemental Loans for Students loan,<sup>†</sup> or **consolidation loan**\* on the date you sign your **promissory note**\*, you have a repayment option: No later than six months before the date your first payment is due, your lender must offer you the option of repaying your loan based on a "graduated" or

\*See "Important Terms," pages 48 to 54.

<sup>†</sup> This program has been repealed, beginning with the 1994-95 award year.

"income-sensitive" repayment. This means your financial situation is taken into account in determining your monthly payment.

The chart below shows **estimated** monthly payments and total interest charges for 8.25 percent loans of varying amounts, with typical repayment periods. Remember that 8.25 percent is the highest the interest rate will be for new loans. Your rate may be different.

TYPICAL REPAYMENT PLANS

<u>Total Loan Amount</u>	<u>Number of Payments</u>	<u>Monthly Payment</u>	<u>Interest Charges</u>	<u>Total Repaid</u>
\$ 2,600	65	\$ 50.00	\$ 628.42	\$ 3,228.42
4,000	120	49.06	1,887.20	5,887.20
7,500	120	91.99	3,538.80	11,038.80
10,000	120	122.65	4,718.00	14,718.00
15,000	120	183.98	7,077.60	22,077.60

### Is it ever possible to defer (postpone) repayment of my Federal Stafford Loan?

Under certain conditions, yes—and as long as your loan is not in **default**.\* See page 45 for the list of deferments available if your Federal Stafford Loan was first disbursed on or after July 1, 1993, and you have no outstanding (unpaid) Federal Stafford Loan, Federal PLUS loan, Federal Supplemental Loans for Students Loan,<sup>†</sup> or **consolidation loan**\* on the date you sign your **promissory note**.\* If you aren't in this category, check with the organization holding your loan for the deferments that apply. Deferments are not automatic; you must request one from the organization that holds your loan. You'll have to provide documentation to that organization to support your request for deferment.

Principal and interest will be deferred for subsidized Stafford Loans, but you'll be responsible for paying the interest on an unsubsidized Stafford. (See page 29.)

For more detail on deferments, contact your financial aid administrator, the organization that holds your loan, or the **guaranty agency**\* in your state.



\*See "Important Terms," pages 48 to 54.

<sup>†</sup> This program has been repealed, beginning with the 1994-95 award year.

**NOTE:** Although not a deferment, you may be granted forbearance if you're willing but unable to meet your repayment schedule and you're not eligible for a deferment. "Forbearance" means a period of time during which you won't have to repay any principal or interest on your loan. You have to apply for forbearance, in writing, to the organization holding your loan.

If your annual U.S. Department of Education student loan debt is at least 20 percent of your gross income, the organization that holds your loan **must** grant you forbearance at your request. This will be a period of up to 12 months during which you may choose not to repay any principal or interest on your loan. (Note, however, that interest will be added to your loan principal, increasing the amount of your principal.) You may receive this forbearance for up to three years, but you must apply for it every 12 months, in writing, to the organization that holds your loan.

### **Are there ever any circumstances where repayment of a Federal Stafford Loan can be cancelled?**

Under certain conditions, yes—and as long as you're not in **default**.<sup>\*</sup> See pages 46 and 47 for the list of cancellation conditions. For more information, contact your financial aid administrator.



Although not a cancellation, if you serve as an enlisted person in certain selected specialties of the U.S. Army, the Army Reserves, the Army National Guard, or the Air National Guard, the Department of Defense will, as an enlistment incentive, **repay** a portion of your Stafford Loan. Contact your recruiting officer for details.

Another provision—again, not a cancellation—is that your loan may be **forgiven** if you can't complete your program of study because your school closed. This provision applies to loans first disbursed on or after January 1, 1986. Lenders and **guaranty agencies**<sup>\*</sup> are being encouraged to grant forbearance to borrowers in this situation until further guidance is provided.

<sup>\*</sup>See "Important Terms," pages 48 to 54.

If you have any questions about the terms of your Federal Stafford Loan, repayment obligations, deferment, or cancellation, check with the organization that holds your loan. Remember, only that organization can grant deferment or cancellation, or make decisions concerning your loan.



## Federal PLUS loans



### What are Federal PLUS loans?

Federal PLUS loans enable **parents** with good credit histories to borrow for each child who is enrolled at least **half-time\*** and is a dependent student. (See page 11 for a discussion of dependency status.) These loans, like Federal Stafford Loans, are made by a lender such as a bank, credit union, or savings and loan association.



### Well, I'm a dependent student. How much can my parents borrow for me?

The yearly loan limit is your **cost of education\*** minus any estimated financial aid you're eligible for.

### What's the interest rate?

For PLUS loans first disbursed on or after July 1, 1994, the interest rate will be variable, but not higher than 9 percent. From July 1, 1993 through June 30, 1994, the interest rate was 6.64 percent for parents who borrowed on or after October 1, 1992. Variable interest rates are set each June. For more information on their interest rate, your parents should contact the organization that holds their loan. That organization will also notify your parents of later interest rate changes.

### I've heard of a charge for a PLUS loan. Is this correct?

Your parents will pay an "origination fee" of **3 percent** of the loan principal. This amount must be deducted proportionately from each disbursement made. The lender may collect an insurance premium of up to **1 percent** of the loan principal, which must also be deducted proportionately from each disbursement.

\*See "Important Terms," pages 48 to 54.



## How do my parents apply?

The procedure is the same as for a Federal Stafford Loan (see page 29). Note that the school can refuse to certify a loan application, or can certify a loan for an amount less than your parents would be eligible for.

## How will the loan proceeds be paid?

For loans first disbursed on or after October 1, 1993, the lender must send the loan proceeds to your school in at least two payments. Payments will be sent either by electronic transfer or by check made copayable to your school and your parents. Your parents may receive payment as often as weekly or monthly, if the lender agrees; these payments must be in equal installments. Even if your parents are paid less frequently, no payment may exceed one-half of the loan amount.

## When do my parents have to begin repaying these loans?

Generally, within 60 days after the final loan disbursement. There is no "grace period" for these loans.

If a deferment—a postponement of repayment—applies (*including* a deferment for being in school), your parents won't begin repaying any **principal** until the deferment ends. Deferments don't apply to **interest**, although the organization that holds the loan may let the interest accumulate until the deferment ends. Note, however, that the interest will be added to the principal, increasing the amount of principal they'll have to repay.

## Is it possible to defer (postpone) repayment of a PLUS loan?

See page 45 for the list of deferments available to Federal PLUS borrowers whose loans were first disbursed on or after July 1, 1993, and who have no outstanding Federal Stafford Loan, Federal PLUS loan, Federal Supplemental Loans for Students loan<sup>†</sup> or **consolidation loan**\* on the date the **promissory note**\* is signed. (If your parents aren't in this category, they should check with the organization holding the loan for the deferments that apply to that

\*See "Important Terms," pages 48 to 54.

<sup>†</sup> This program has been repealed, beginning with the 1994-95 award year.

loan.) Like unsubsidized Stafford Loans (see page 33), deferments apply only to loan **principal**.

Remember that deferments are not possible if the loan is in **default**.<sup>\*</sup> Deferments are not automatic; your parents must request one from the organization that holds the loan.

For more detail on deferments, contact your financial aid administrator, the organization that holds the loan, or the **guaranty agency**<sup>\*</sup> in your state.



**NOTE:** Although not a deferment, your parents may be granted forbearance if they're willing but unable to meet the repayment schedule and are not eligible for a deferment. "Forbearance" means a period of time during which your parents won't have to repay any principal or interest on the loan. (Note, however, that interest will be added to their loan principal, increasing the amount of their principal.) Your parents have to apply for forbearance, in writing, to the organization holding the loan.

### **Are there ever any circumstances where repayment of a Federal PLUS can be cancelled?**

Under certain conditions, yes—and as long as the loan is not in **default**.<sup>\*</sup> See pages 46 and 47 for the list of cancellation provisions. For more information, contact your financial aid administrator.



As is true for Federal Stafford Loans, if you serve as an enlisted person in certain selected specialties of the U.S. Army, the Army Reserves, the Army National Guard, or the Air National Guard, the Department of Defense will, as an enlistment incentive, **repay** a portion of your parents' PLUS loan. Contact the recruiting officer for details.

Another provision, although not a cancellation, is that your parents' loan may be **forgiven** if you can't complete your program of study because your school closed. This provision applies to loans first disbursed on or after January 1, 1986. Lenders and **guaranty agencies**<sup>\*</sup> are being encouraged to grant forbearance to borrowers in this situation until further guidance is provided.

<sup>\*</sup>See "Important Terms," pages 48 to 54.

If your parents have any questions about a Federal PLUS, they should check with the organization that holds the loan. Only that organization can make decisions about the loan.



## Federal Direct Student Loans



### What is a Federal Direct Student Loan?

A new program (the Federal Direct Student Loan Program [FDSLPP]) consists of Federal Direct Stafford Loans (subsidized and unsubsidized) and Federal Direct PLUS loans. These loans are basically the same as the Stafford and PLUS loans described in this *Guide*—the difference is that the U.S. Department of Education is the lender (rather than a bank or credit union) and delivers loan proceeds through your school. You (or your parents, if they have a Federal Direct PLUS loan for you) will send all your loan repayments to the Department, rather than to several lenders.

The first Direct Loans will be made for periods of enrollment beginning on or after July 1, 1994. However, **only a small number of schools will be participating in the Federal Direct Student Loan Program for 1994-95**, so check with the school(s) you're interested in to see whether it participates.

### What if the school I plan to attend doesn't participate?

You can still apply for a "regular" Federal Stafford Loan. If you're a dependent student (see page 11), your parents can apply for a "regular" Federal PLUS loan for you.

### If my school does participate, how do I or my parents apply for a loan?

Generally, you can apply for a Federal Direct Stafford Loan simply by filling out a "Free Application for Federal Student Aid" (FAFSA) or a "Renewal Application" (see page 12 for a discussion of the Renewal Application). Your parents will fill out a separate application for a Direct PLUS loan that they can get from your school.

Your school must determine your eligibility for a Federal Pell Grant, if you're an undergraduate and your school participates in the Federal Pell Grant Program.

### **Can I get both a “regular” Stafford Loan and a Direct Stafford Loan?**

Not for the same enrollment period. You could have gotten a “regular” Federal Stafford Loan for 1993-94, for example, and receive a Federal Direct Stafford Loan for 1994-95.

### **Is there a charge for Federal Direct Stafford Loans or Federal Direct PLUS loans?**

Yes, you or your parents will pay an origination fee of 4 percent of the loan, deducted proportionately from each loan disbursement made.

### **If the U.S. Department of Education is my lender, does this mean I don’t have to find a bank willing to make me a loan?**

Correct. There’ll be less effort for you because the Department will always be your lender. You apply as noted on the preceding page, and you’ll receive your loan disbursements from the Department through your school.

### **How will I be paid?**

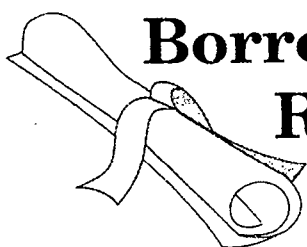
Your loan proceeds will be applied to your account for tuition and fees and room and board. Any remaining proceeds will be paid to you (or to your parents, if they get a PLUS loan for you) by check.

### **I or my parents will repay the U.S. Department of Education?**

Right. You’ll send in payments to a loan servicer the Department will designate. You’ll have the option of several repayment plans. More details about repayment will be issued in the future.

### **What other differences are there between Direct Stafford or PLUS loans and “regular” ones?**

None. Loan amounts, monthly repayment amounts, deferments, and cancellation benefits are the same. You’ll still have a grace period for a Federal Direct Stafford Loan after you leave school. Remember, the real difference is that the U.S. Department of Education will be your lender.



# Borrower Responsibilities, Borrower Rights

## Responsibilities

When you take out a student loan, you have certain responsibilities you must live up to. Here are a few of them:

◆ When you sign a **promissory note**,\* you're agreeing to repay according to the terms of the note. The note is a **binding legal document**. This commitment to repay means that except in cases of cancellation (see pages 46 and 47), ***you will have to pay back the loan***—even if you don't complete your education, aren't able to get a job after you complete the program, or you're dissatisfied with, or don't receive, the education you paid for. **Think about what this obligation means before you take out a loan.** If you don't pay back your loan on time or according to the terms in your **promissory note**,\* you may go into **default**,\* which has very serious consequences.

◆ **You must make payments on your loan even if you don't receive a bill.** Billing statements (or coupon books) are sent to you as a convenience, but not receiving them doesn't relieve you of your obligation to make payments.

◆ Even though you may have ***applied*** for a deferment, you still must **continue to make payments** until your deferment is processed. If you don't, you may end up in **default**.\* You should keep a copy of any deferment request form you may have, and you should **document all contacts** with the organization that holds your loan.

◆ You must notify the school (or the organization) that holds your loan if you graduate, withdraw from school, or drop below **half-time**\* status; change your name, address, or Social Security Number; or transfer to another school. You will be given the name of the organization that holds your loan.

\*See "Important Terms," pages 49 to 54.

♦ Before you receive your first disbursement, you must attend an entrance interview and, before you leave school, you must attend an exit interview. (See below and page 43.)

## Rights

You have certain rights as a borrower. Listed below are some of them.

- ♦ You have the right to a grace period before your repayment period begins. (Your parents do not receive a grace period for a Federal PLUS loan.) Your grace period begins when you leave school or drop below **half-time\*** status. The exact length of your grace period is shown on your **promissory note**.\*
- ♦ You must be given a loan repayment schedule, which lets you know when your first payment is due, and the number, frequency, and amount of all payments.
- ♦ You must be given a list of deferment and cancellation conditions and the conditions under which the Department of Defense will repay your loan.
- ♦ You must be notified when your loan is sold if the sale results in your making payments to a new organization. The old and new organizations must **each** notify you of the sale, the identity of the new organization holding your loan, the name and address of the organization to which you must make payments, and the telephone numbers of both old and new organizations.

**Before your school gives you your first loan disbursement, your school and/or the organization that holds your loan must give you the following information about your loan in an entrance interview:**

- ♦ the full amount of the loan, the interest rate, and when you must start repaying
- ♦ the effect borrowing will have on your eligibility for other types of financial aid
- ♦ a complete list of any charges you must pay (loan fees) and information on how those charges are collected

\*See "Important Terms," pages 48 to 54.

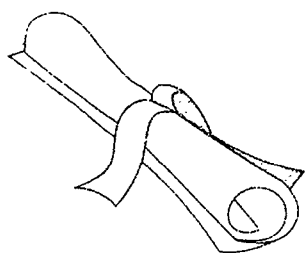
- ◆ the yearly and total amounts you can borrow, and the maximum and minimum repayment periods
- ◆ a current description of loans you owe your school and/or lender, an estimate of what your total debt will be, and what your monthly payments will be
- ◆ an explanation of **default\*** and its consequences
- ◆ an explanation of options for prepaying your loan at any time without penalty, for refinancing your loan, and for taking advantage of a **consolidation loan\***

**Before you leave school, your school and/or the organization that holds your loan must give you the following information about your loan in an exit interview:**

- ◆ the amount of your total debt (principal and interest), what your interest rate is, and the total interest charges on your loan
- ◆ the average monthly repayment amount you can expect
- ◆ the name of the organization that holds your loan, where to send your payments, and where to write if you have questions about your loan
- ◆ the fees you should expect during the repayment period
- ◆ a description of deferment and cancellation provisions
- ◆ a description of repayment options such as prepayment, refinancing, and **consolidation loans\***
- ◆ advice about debt management that the school/organization holding your loan feels would help you in making your payments
- ◆ notification that you must provide your expected permanent address, the name and address of your expected employer, the address of your next-of-kin, and any corrections to your school's records concerning your name, Social Security Number, references, and driver's license number (if you have one)

\*See "Important Terms," pages 48 to 54.





# A New Initiative

## **The National Service Trust**

This new program provides \$4,725 a year for up to two years of community service in one of four priority areas: education, human services, the environment, and public safety. You must complete 1,700 hours of service work a year. You can work before or after you go to college, graduate school, or trade school, and you can use the funds either to pay current educational expenses or to repay federal student loans you may borrow. You'll receive a living allowance of at least \$7,400 a year and, if necessary, health care and child care allowances.

The National Service Trust will publish more information about the program as it becomes available.

# DEFERMENT SUMMARY: FEDERAL PERKINS LOANS, FEDERAL STAFFORD LOANS, AND FEDERAL PLUS LOANS

Deferment Condition	Perkins <sup>1</sup>	Stafford <sup>2</sup>	PLUS <sup>2,3</sup>
At least half-time* study at a postsecondary school	YES	YES	YES
Study in an approved graduate fellowship program or in a rehabilitation training program for the disabled	YES	YES	YES
Unable to find full-time employment	Up to 3 years	Up to 3 years	Up to 3 years
Economic hardship	Up to 3 years	Up to 3 years	Up to 3 years
Engaged in service listed under cancellation conditions (see pages 46 and 47)	YES	NO	NO

<sup>1</sup> Applies to loans first disbursed on or after July 1, 1993.

<sup>2</sup> Applies to loans first disbursed on or after July 1, 1993 to borrowers who have no outstanding Federal Stafford Loan, Federal PLUS loan, Federal Supplemental Loans for Students (SLS) loan, or **consolidation loan\*** on the date they sign their **promissory note.\*** (Note that the SLS Program has been repealed, beginning with the 1994-95 award year.)

<sup>3</sup> Deferments are for principal only.

\* See "Important Terms," pages 48 to 54.

**CANCELLATION SUMMARY: FEDERAL PERKINS LOANS,  
FEDERAL STAFFORD LOANS, AND FEDERAL PLUS LOANS**

<b>Cancellation Condition</b>	<b>Perkins</b>	<b>Stafford</b>	<b>PLUS</b>
Total and permanent disability or death of the borrower	100%	100%	100% <sup>1</sup>
Full-time teacher in a designated elementary or secondary school serving students from low-income families	Up to 100% <sup>2</sup>	NO <sup>3</sup>	NO
Full-time special education teacher—includes teaching disabled children in a public or other nonprofit elementary or secondary school	Up to 100% <sup>2</sup>	NO	NO
Full-time qualified professional provider of early intervention services for the disabled	Up to 100% <sup>2,4</sup>	NO	NO
Full-time teacher of math, science, foreign languages, bilingual education, or in other fields designated as teacher shortage areas	Up to 100% <sup>2,4</sup>	NO <sup>3</sup>	NO
Full-time employee of a public or nonprofit child or family service agency, providing services to high-risk children and their families from low-income communities	Up to 100% <sup>2,4</sup>	NO	NO
Full-time nurse or medical technician	Up to 100% <sup>2,4</sup>	NO <sup>3</sup>	NO
For loans made on or after November 29, 1990—service as a full-time law enforcement or corrections officer	Up to 100% <sup>2</sup>	NO	NO

Full-time service as a staff member in a Head Start Program	Up to 100% <sup>2</sup>	NO	NO
Service as a Peace Corps or VISTA volunteer	Up to 70% <sup>2</sup>	NO <sup>3</sup>	NO
Service in the Armed Forces	Up to 50% in areas of hostilities or imminent danger <sup>2</sup>	NO	NO
Bankruptcy	In some cases <sup>5</sup>	In some cases <sup>5</sup>	In some cases <sup>5</sup>

<sup>1</sup> Includes death of the child for whom the parent borrowed—this additional provision applies to any Federal PLUS loan in repayment on or after July 23, 1992.

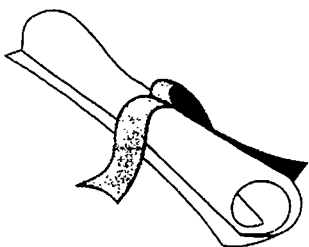
<sup>2</sup> Service qualifies for deferment also.

<sup>3</sup> No funding available for this benefit at this time.

<sup>4</sup> This benefit applies to Federal Perkins Loans made on or after July 23, 1992.

<sup>5</sup> Seven years must have passed between the date the loan became due and the date the borrower files for bankruptcy (not counting deferment periods). If seven years have not passed, cancellation is possible only if the bankruptcy court rules that repayment would cause undue hardship.

\* See "Important Terms," pages 48 to 54.



# Important Terms

**Academic Year:** A period of at least 30 weeks of instructional time during which a full-time student is expected to complete at least 24 semester or trimester hours, or at least 36 quarter hours, at an institution that measures program length in credit hours; or at least 900 clock hours at an institution that measures program length in clock hours.

**Citizen/Eligible Noncitizen:** You must be one of the following to receive federal student aid:

- ◆ U.S. citizen
- ◆ U.S. national (includes natives of American Samoa or Swain's Island)
- ◆ U.S. permanent resident who has an I-151, I-551, or I-551C (Alien Registration Receipt Card)

If you're not in one of these categories, you must have an Arrival-Departure Record (I-94) from the U.S. Immigration and Naturalization Service (INS) showing one of the following designations:

- ◆ "Refugee"
- ◆ "Asylum Granted"
- ◆ "Indefinite Parole" and/or "Humanitarian Parole"
- ◆ "Cuban-Haitian Entrant, Status Pending"
- ◆ "Conditional Entrant" (valid only if issued before April 1, 1980)
- ◆ Other eligible noncitizen with a Temporary Resident Card (I-688)

Or, you can be eligible based on the Family Unity Status category, with approved I-797s (Voluntary Departure and Immigrant Petition).

You're also eligible for federal student aid if you have a suspension of deportation case pending before Congress.

If you have only a Notice of Approval to Apply for Permanent Residence (I-171 or I-464A), you aren't eligible for federal student aid.

If you're in the U.S. on an F1 or F2 student visa only, or on a J1 or J2 exchange visitor visa only, you can't get federal student aid. Also, persons with G series visas (pertaining to international organizations) are not eligible for federal student aid.

**NOTE:** Only citizens and noncitizen nationals can receive federal aid for study at a foreign institution, and only Federal Stafford Loans, Federal PLUS loans, or Federal Direct Loans are available for that purpose.

Permanent residents of the Trust Territory of the Pacific (Palau) may be eligible for all the student aid programs mentioned in this booklet. Citizens of the Federated States of Micronesia and the Marshall Islands are eligible for Federal Pell Grants, Federal Supplemental Educational Opportunity Grants, or Federal Work-Study **only**. These applicants should check with their financial aid administrators for more information.



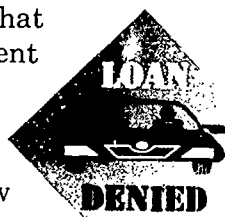
**Consolidation Loan:** A loan made when an eligible lender pays off your existing student loans and creates one new loan. You must be in repayment (or have entered a grace period) before your loans can be consolidated. If you're in **default**,\* your loans can be consolidated only if, before applying for consolidation, you've made satisfactory repayment arrangements with the holder of your loan. The interest rate on a consolidation loan will depend on the interest rates of the loans consolidated. Repayment begins within 60 days after consolidation. The repayment period will be from 10 to 30 years, depending on the amount to be repaid. Your lender must offer an income-sensitive repayment schedule for all consolidations loans made on or after July 1, 1994. All the student loans described in this booklet are eligible for consolidation, except for Federal PLUS loans made before October 17, 1986. Note that consolidation does not increase existing loan limits.

**Cost of Education (or Cost of Attendance):** The total amount it will cost a student to go to school—usually expressed as a yearly figure. The cost of education covers tuition and fees; on-campus room and board (or a housing and food allowance for off-campus students); and allowances for books, supplies, transportation, child care, costs related to a disability, and miscellaneous expenses. Also included are reasonable costs for eligible programs of study abroad. An allowance (determined by the school) is included for reasonable costs connected with a student's employment as part of a cooperative education

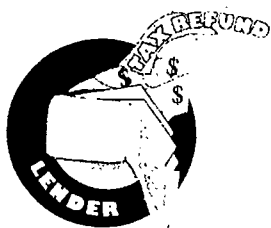


program. For students attending less than **half-time**,\* the cost of education includes only tuition and fees and an allowance for books, supplies, transportation, and dependent care expenses. Talk to the financial aid administrator at the school you're planning to attend if you have any unusual expenses that may affect your cost of education.

**Default:** Failure to repay a student loan according to the terms agreed to when you signed a **promissory note**.\* Default also may result from failure to submit requests for deferment or cancellation on time. If you default, your school, the organization that holds your loan, the state, and the federal government can all take action to recover the money, including notifying national credit bureaus of your default. This may affect your credit rating for a long time. For example, you may find it very difficult to borrow from a bank to buy a car or a house.



In addition, the organization holding your loan may ask your employer to deduct payments from your check. Also, you may be liable for expenses incurred in collecting the loan. If you decide to return to school, you're not entitled to receive any more federal student aid or any of the deferments listed on page 45. Also, the U.S. Department of Education may ask the U.S. Internal Revenue Service to withhold your income tax refund, and the amount of your refund will be applied toward the amount you owe.



**Dislocated Worker:** A person so certified by a state agency such as a state employment service or job service. Generally, a dislocated worker is someone who meets at least **one** of the following conditions:

- ◆ has been terminated or laid off (or has received notice of termination or layoff)
- ◆ has been terminated or has received a notice of termination from a plant or other facility that has permanently closed (or that will soon close)

- ◆ has been unemployed for a long period and has limited opportunity for reemployment in the same or similar occupation in the area where he or she resides

- ◆ was self-employed (including farmers) but is now unemployed because of poor economic conditions in the community or because a natural disaster has occurred

If you, your spouse, or—if you're dependent—one of your parents is certified as a dislocated worker because of one of the conditions mentioned, your (and/or their) financial circumstances may be specially considered in determining the ability to pay for your education. For more information, see your financial aid administrator.



**Eligible Program:** A course of study that requires certain minimum hours of instruction and that leads to a degree or certificate at a school participating in one or more of the student aid programs described in this booklet. To get a Federal Pell Grant, Federal Supplemental Educational Opportunity Grant, Federal Perkins Loan, or a Federal Work-Study job, you must be enrolled in an eligible program. The same is true for a Federal Stafford Loan, Federal PLUS loan, or Federal Direct Loan, with two exceptions:

- ◆ If a school has told you that you must take certain coursework to qualify for admission into one of its eligible programs, you can get a Stafford Loan (or your parents can get a PLUS loan for you) for up to 12 consecutive months while you're completing that coursework. You must be enrolled at least **half-time**,\* and you must meet the usual student aid eligibility requirements.

- ◆ If you're enrolled at least **half-time**\* in a program to obtain a professional credential or certification required by a state for employment as an elementary or secondary school teacher, you can get a Stafford Loan (or your parents can get a PLUS for you) while you're enrolled in the program.

**Expected Family Contribution (EFC):** An amount, determined by a formula established by Congress, that indicates how much of your family's financial resources should be available to help pay for school. Factors such as taxable and nontaxable income, assets (such as savings and checking accounts), and benefits (for example, unemployment or Social Security) are all considered in this



calculation. The EFC is used in determining your eligibility for aid from the programs discussed in this booklet (except for Federal PLUS loans and unsubsidized Federal Stafford Loans). If you think you have any unusual expenses that may affect your EFC, make sure you notify your financial aid administrator.



**Financial Aid Package:** The total financial aid a student receives. Federal and non-federal aid such as grants, loans, or work-study are combined in a "package" to help meet the student's need. Using available resources to give each student the best possible package of aid is one of the major responsibilities of a financial aid administrator.

**General Education Development Certificate (GED):** A certificate students receive if they've passed a high school equivalency test. Students who don't have a high school diploma but who have a GED may still qualify for federal student aid. A school that admits students without a high school diploma must make available a GED program in the vicinity of the school and must inform students about the program.

**Guaranty Agency:** The organization that administers the Federal Stafford Loan and Federal PLUS loan programs in your state. The federal government sets loan limits and interest rates, but each state is free to set its own additional limitations, within federal guidelines. This agency is the best source of information on Stafford and PLUS loans in your state. To find out the name, address, and telephone number of the agency in your state, as well as information about borrowing, call the Federal Student Aid Information Center on 1 (800) 4-FED AID (1-800-433-3243).



**Half-Time:** At schools measuring progress by credit hours and academic terms (semesters, trimesters, or quarters), "half-time" means at least 6 semester hours or quarter hours per term. At schools measuring progress by credit hours but not using academic terms, "half-time" means at least 12 semester hours or 18 quarter hours per year. At schools measuring progress by clock hours, "half-time" means at least 12 hours per week. Note that schools may choose to set higher minimums than these. Also, Federal Stafford Loan requirements may be slightly different.

You must be attending school at least half-time to be eligible to receive a Federal Stafford Loan, Federal PLUS loan, or Federal Direct

Student Loan. Half-time enrollment is not a requirement to receive aid from the Federal Pell Grant, Federal Supplemental Educational Opportunity Grant, Federal Work-Study, and Federal Perkins Loan programs.

**Promissory Note:** The binding legal document you sign when you get a student loan. It lists the conditions under which you're borrowing and the terms under which you agree to pay back the loan. It will include information about your interest rate and about deferment and cancellation provisions. It's very important to **READ AND SAVE** this document because you'll need to refer to it later when you begin repaying your loan.



**Regular Student:** One who is enrolled in an institution to obtain a degree or certificate. Generally, to receive aid from the programs discussed in this booklet, you must be a regular student. (For the Federal Stafford Loan, Federal PLUS loan, and Federal Direct Loan programs, there are two exceptions to this requirement. See the definition of **eligible program**.)

**Satisfactory Academic Progress:** To be eligible to receive federal student aid, you must be maintaining satisfactory academic progress toward a degree or certificate. You must meet your school's written standard of satisfactory progress. Check with your school to find out its standard.

If you received federal student aid for the first time on or after July 1, 1987, **and** you're enrolled in a program that's longer than two years, the following definition of satisfactory progress **also** applies to you: You must have a "C" average by the end of your second **academic year**\* of study, or have an academic standing consistent with your institution's graduation requirements. You must continue to maintain satisfactory academic progress for the rest of your course of study.

**Selective Service Registration:** You must register, or arrange to register, with the Selective Service in order to receive federal student aid. A statement appears on the 1994-95 Student Aid Report (SAR) that allows you to state either that you have registered with the Selective Service or to explain why you're not required to register. The requirement to register applies to males who were born on or after January 1, 1960, are at least 18, are **citizens**\* or **eligible noncitizens**,\* and are not currently on active duty in the armed

forces. (Citizens of the Federated States of Micronesia, the Marshall Islands, or Palau are exempt from registering.)

**Statement of Educational Purpose/Certification Statement on Refunds and Default:** You must sign this statement to receive federal student aid. By signing it, you're stating that you do not owe a refund on a Federal Pell Grant or Federal Supplemental Educational Opportunity Grant, that you're not in default on a Federal Perkins Loan or Federal Stafford Loan, and that the amount you've borrowed under those loan programs doesn't exceed the allowable limits. You're also agreeing to use your student aid only for education-related expenses. Part 1 of the 1994-95 Student Aid Report (SAR) contains such a statement. You must sign either that one or a similar one prepared by your school.

**Statement of Updated Information:** You must sign a statement certifying that certain information used to determine your eligibility for federal student aid is correct at the time you either submit your SAR to your school or certify your student aid application information at your school. If that information changes after you apply, you must update it so that it's correct on the date you sign your SAR or certify your application information. Otherwise, you won't be able to receive federal student aid. The Statement of Updated Information on the back of Part 1 of your SAR gives the information that must be updated.

The only exception to the requirement to update is when changes occur because your marital status changes. In that case, you cannot update.

**NOTE** As part of the Statement of Updated Information, you must check "Yes" or "No" indicating whether you're delinquent in repaying any federal debt.

## FEDERAL PELL GRANTS

For undergraduates only

Grant—no repayment

Students must have  
**Expected Family  
Contribution (EFC)\***  
below a certain number to  
be eligible

Amount received depends—  
in part—on enrollment  
status and length of  
enrollment

Must apply no later than  
**MAY 1, 1995**

Students paid directly or  
school account is credited

## FEDERAL SEOG

For undergraduates only

Grant—no repayment

For students with  
exceptional financial need  
(those with the lowest  
**EFCs\***)—priority given to  
Federal Pell Grant  
recipients

Maximum award: generally  
\$4,000, depending—in  
part—on funds available at  
each school

Schools set deadlines for  
applying

Students paid directly or  
school account is credited

## FEDERAL WORK-STUDY

For undergraduates and  
graduates—undergraduates  
can receive aid for more  
than one undergraduate  
degree

Provides jobs on- or off-  
campus

Amount earned can't exceed  
need—amount also depends  
on funds available at each  
school

Schools set deadlines for  
applying

Undergraduates paid by the  
hour; graduates paid by  
salary or by the hour—all  
students paid at least  
monthly

\*See "Important Terms," pages 48 to 54.



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